



QUARTERLY STATEMENT
AS OF September 30, 2008
OF THE CONDITION AND AFFAIRS OF THE
HEALTH RIGHT, INC.

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	95787	Employer's ID Number	52-2011721
Organized under the Laws of	District of Columbia		State of Domicile or Port of Entry	District of Columbia		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	11/01/1996		Commenced Business	05/01/1998		
Statutory Home Office	1101 14th Street, N.W. Suite 900 (Street and Number)		Washington, DC 20005 (City, or Town, State and Zip Code)			
Main Administrative Office			1101 14th Street (Street and Number)			
	Washington, DC 20005 (City or Town, State and Zip Code)		(202)218-0373 (Area Code) (Telephone Number)			
Mail Address	1101 14th Street, N.W. Suite 900 (Street and Number or P.O. Box)		Washington, DC 20005 (City, or Town, State and Zip Code)			
Primary Location of Books and Records			1101 14th Street, N.W. Suite 900 (Street and Number)			
	Washington, DC 20005 (City, or Town, State and Zip Code)		(202)218-0373 (Area Code) (Telephone Number)			
Internet Website Address	www.healthright-dc.com					
Statutory Statement Contact	Donna Marie Carris (Name)		(202)218-0373-120 (Area Code)(Telephone Number)(Extension)			
	donna.carris@healthright-dc.com (E-Mail Address)		(202)218-0381 (Fax Number)			

OFFICERS

Name	Title
Vincent Augustine Keane	Chairman
Allen A Goetcheus	Secretary
Allen A Goetcheus	Treasurer
Donna Marie Carris	Chief Executive Officer #

OTHERS

DIRECTORS OR TRUSTEES

Marlene Kelley # Charles Kenneth Barber

State of District of Columbia
County of ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Vincent Augustine Keane	Donna Marie Carris	0
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
Chairman	Chief Executive Officer	0
(Title)	(Title)	(Title)

Subscribed and sworn to before me this
day of , 2008

a. Is this an original filing?
b. If no, 1. State the amendment number
2. Date filed
3. Number of pages attached

Yes[X] No[]

(Notary Public Signature)

ASSETS

		Current Statement Date			4
		1	2	3	
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31, Prior Year Net Admitted Assets
1.	Bonds				
2.	Stocks:				
2.1	Preferred stocks				
2.2	Common stocks				
3.	Mortgage loans on real estate:				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate:				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....808,820), cash equivalents (\$.....0) and short-term investments (\$.....35,424,216)	36,233,036		36,233,036	33,842,801
6.	Contract loans (including \$.....0 premium notes)				
7.	Other invested assets				
8.	Receivables for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	36,233,036		36,233,036	33,842,801
11.	Title plants less \$.....0 charged off (for Title insurers only)				
12.	Investment income due and accrued				
13.	Premiums and considerations:				
13.1	Uncollected premiums and agents' balances in the course of collection				
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
13.3	Accrued retrospective premiums				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers				
14.2	Funds held by or deposited with reinsured companies				
14.3	Other amounts receivable under reinsurance contracts				
15.	Amounts receivable relating to uninsured plans				
16.1	Current federal and foreign income tax recoverable and interest thereon				
16.2	Net deferred tax asset	66,369		66,369	38,100
17.	Guaranty funds receivable or on deposit				
18.	Electronic data processing equipment and software				
19.	Furniture and equipment, including health care delivery assets (\$.....0)	88,652		88,652	108,352
20.	Net adjustments in assets and liabilities due to foreign exchange rates				
21.	Receivables from parent, subsidiaries and affiliates	1,729,929		1,729,929	689,929
22.	Health care (\$.....0) and other amounts receivable				4,907,356
23.	Aggregate write-ins for other than invested assets				
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	38,117,986		38,117,986	39,586,538
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	38,117,986		38,117,986	39,586,538
DETAILS OF WRITE-INS					
0901.	0				
0902.				
0903.				
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.				
2302.				
2303.				
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	20,223,951		20,223,951	21,956,626
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	382,760		382,760	382,760
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	539,621		539,621	904,129
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))	426,567		426,567	1,178,713
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates				
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured plans				
21.	Aggregate write-ins for other liabilities (including \$.....0 current)				
22.	Total liabilities (Lines 1 to 21)	21,572,900		21,572,900	24,422,228
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X	1,651,000	1,651,000
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X		
27.	Surplus notes	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
29.	Unassigned funds (surplus)	X X X	X X X	16,194,087	14,813,310
30.	Less treasury stock, at cost:				
30.10 shares common (value included in Line 24 \$.....0)	X X X	X X X	1,300,000	1,300,000
30.20 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	16,545,087	15,164,310
32.	Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	38,117,986	39,586,538
DETAILS OF WRITE-INS					
2101.				
2102.				
2103.				
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)				
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	X X X	X X X		
2802.	X X X	X X X		
2803.	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months	X X X	352,922	335,395	450,385
2.	Net premium income (including \$.....0 non-health premium income)	X X X	74,717,705	78,232,733	104,923,788
3.	Change in unearned premium reserves and reserves for rate credits	X X X			
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X			
5.	Risk revenue	X X X			
6.	Aggregate write-ins for other health care related revenues	X X X			
7.	Aggregate write-ins for other non-health revenues	X X X			
8.	Total revenues (Lines 2 to 7)	X X X	74,717,705	78,232,733	104,923,788
Hospital and Medical:					
9.	Hospital/medical benefits		37,500,450	45,279,359	56,418,212
10.	Other professional services		23,161,425	18,509,151	27,737,843
11.	Outside referrals				
12.	Emergency room and out-of-area		1,246,364	966,052	1,328,272
13.	Prescription drugs		4,287,885	3,735,495	5,299,322
14.	Aggregate write-ins for other hospital and medical		50,173	1,065,492	43,545
15.	Incentive pool, withhold adjustments and bonus amounts				
16.	Subtotal (Lines 9 to 15)		66,246,298	69,555,549	90,827,194
Less:					
17.	Net reinsurance recoveries		116,547	249,620	249,620
18.	Total hospital and medical (Lines 16 minus 17)		66,129,751	69,305,929	90,577,574
19.	Non-health claims (net)				
20.	Claims adjustment expenses, including \$.....0 cost containment expenses		177,539	250,188	177,539
21.	General administrative expenses		5,683,808	5,169,278	6,089,156
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)				
23.	Total underwriting deductions (Lines 18 through 22)		71,991,098	74,725,395	96,844,269
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	2,726,606	3,507,338	8,079,519
25.	Net investment income earned		805,394	873,163	1,214,742
26.	Net realized capital gains (losses) less capital gains tax of \$.....0			2,782	1,033
27.	Net investment gains or (losses) (Lines 25 plus 26)		805,394	875,945	1,215,775
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]				
29.	Aggregate write-ins for other income or expenses				
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	3,532,001	4,383,283	9,295,294
31.	Federal and foreign income taxes incurred	X X X	1,163,955	2,739,855	2,786,938
32.	Net income (loss) (Lines 30 minus 31)	X X X	2,368,046	1,643,428	6,508,356
DETAILS OF WRITE-INS					
0601.	Credentialing Income	X X X			
0602.	0	X X X			
0603.	X X X			
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	X X X			
0702.	X X X			
0703.	X X X			
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401.	Transportation		19,211	1,064,182	41,427
1402.	Translation		30,962	1,310	2,119
1403.	0				
1498.	Summary of remaining write-ins for Line 14 from overflow page				
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		50,173	1,065,492	43,545
2901.				
2902.				
2903.				
2998.	Summary of remaining write-ins for Line 29 from overflow page				
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)				

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2	3
		Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT				
33.	Capital and surplus prior reporting year	15,164,310	8,275,671	8,246,926
34.	Net income or (loss) from Line 32	2,368,046	1,643,428	6,508,356
35.	Change in valuation basis of aggregate policy and claim reserves			
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0			
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax			
39.	Change in nonadmitted assets			
40.	Change in unauthorized reinsurance			
41.	Change in treasury stock			
42.	Change in surplus notes			
43.	Cumulative effect of changes in accounting principles			
44.	Capital Changes:			
44.1	Paid in			
44.2	Transferred from surplus (Stock Dividend)			
44.3	Transferred to surplus			
45.	Surplus adjustments:			
45.1	Paid in			
45.2	Transferred to capital (Stock Dividend)			
45.3	Transferred from capital			
46.	Dividends to stockholders			
47.	Aggregate write-ins for gains or (losses) in surplus			409,028
48.	Net change in capital and surplus (Lines 34 to 47)	2,368,046	1,643,428	6,917,384
49.	Capital and surplus end of reporting period (Line 33 plus 48)	17,532,356	9,919,099	15,164,310
DETAILS OF WRITE-INS				
4701.	Adj in Surplus			409,028
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page			
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)			409,028

CASH FLOW

		1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations			
1.	Premiums collected net of reinsurance	74,717,705	105,565,630
2.	Net investment income	805,394	
3.	Miscellaneous income		
4.	Total (Lines 1 to 3)	75,523,099	105,565,630
5.	Benefit and loss related payments	67,862,425	2,553,512
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	1,469,388	(152,760)
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	1,982,470	117,562
10.	Total (Lines 5 through 9)	71,314,283	2,518,314
11.	Net cash from operations (Line 4 minus Line 10)	4,208,816	103,047,316
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)		
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)		
14.	Net increase (or decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14)		
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(1,818,581)	(91,385,919)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	(1,818,581)	(91,385,919)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	2,390,235	11,661,397
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	33,842,801	22,181,404
19.2	End of period (Line 18 plus Line 19.1)	36,233,036	33,842,801

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

Description		Amount 1	Amount 2
20.0001		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	38,056	20,583							14,339	3,134
2. First Quarter	39,061	21,973							14,961	2,127
3. Second Quarter	41,224	22,825							16,119	2,280
4. Third Quarter	38,111	15,759							20,048	2,304
5. Current Year										
6. Current Year Member Months	352,922	183,147							150,164	19,611
Total Member Ambulatory Encounters for Period:										
7. Physician	17,107	12,771							4,286	50
8. Non-Physician	28,874	10,401							14,178	4,295
9. Total	45,981	23,172							18,464	4,345
10. Hospital Patient Days Incurred	4,759	2,223							1,862	674
11. Number of Inpatient Admissions	990	439							428	123
12. Health Premiums Written (a)	74,717,705	37,835,420							32,385,157	4,497,127
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	74,717,705	37,835,420							32,385,157	4,497,127
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services										
18. Amount Incurred for Provision of Health Care Services	66,246,298	27,626,380							33,006,812	5,613,107

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....0.

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims						
1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
Individually Listed Claims Unpaid						
Caremark	258,056					258,056
Quality Plan Administrators	42,894					42,894
0199999 Individually Listed Claims Unpaid	300,950					300,950
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	25,406					25,406
0499999 Subtotals	326,356					326,356
0599999 Unreported claims and other claim reserves						19,897,595
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						20,223,951
0899999 Accrued Medical Incentive Pool And Bonus Amounts						

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1+3)	6 Estimated Claim Reserve and Claim Liability Dec.31 of Prior Year
		1	2	3	4		
		On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec.31 of Prior Year	On Claims Incurred During the Year		
1.	Comprehensive (hospital & medical)	6,832,037	21,329,268	2,386,408	7,575,330	9,218,445	12,573,670
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	6,190,057	27,387,059	970,514	7,630,918	7,160,571	6,732,912
8.	Other health	2,521,050	3,171,598	119,723	1,597,463	2,640,774	2,275,090
9.	Health subtotal (Lines 1 to 8)	15,543,144	51,887,924	3,476,645	16,803,710	19,019,789	21,581,672
10.	Healthcare receivables (a)						
11.	Other non-health						
12.	Medical incentive pools and bonus amounts						
13.	Totals	15,543,144	51,887,924	3,476,645	16,803,710	19,019,789	21,581,672

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

Notes to Financial Statement

HEALTH RIGHT, INC.

Notes To Financial Statement

Note 1. **Summary of Significant Accounting Policies**

A. Accounting Practices - The accompanying financial statements of Health Right, Inc. (HRI) are presented on the basis of accounting practices prescribed or permitted by the District of Columbia’s Department of Insurance and Securities Regulations (DISR).

The District of Columbia Department of Insurance and Securities Regulations recognizes only statutory accounting practices prescribed or permitted by the District of Columbia for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the District of Columbia Insurance Law. The National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures* manual, version effective March 2005 (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the District of Columbia.

B. Use of Estimates in the Preparation of the Financial Statements – The preparation of financial statements in conformity with the NAIC Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy – HRI records premium revenues based on its membership records. Premiums are due monthly and are recognized as revenue during the period in which the company is obliged to provide service to members.

In addition, the company uses the following accounting policies:

- 1) Short-term investments consist of readily marketable securities with maturities greater than three months but less than one year at the time of purchase.
- 2) None.
- 3) Unpaid claims and loss adjustment expenses include an amount determined from individual case estimates and claim reports and an amount, based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
- 4) HRI has not modified its capitalization policy from the prior period.

Note 2. **Accounting Changes and Corrections of Errors**

None.

Note 3. **Business Combinations and Goodwill**

None.

Note 4. **Discontinued Operations**

None.

Note 5. **Investments**

Notes to Financial Statement

Mortgage Loans, Debt Restructuring, Reverse Mortgages, Loan-Backed Securities Repurchase Agreements, or Real Estate – None.

Note 6. Joint Ventures, Partnerships and Limited Liability Companies

None.

Note 7. Investment Income

HRI reports only investment income that is earned as due and accrued.

Note 8. Derivative Instruments

None.

Note 9. Income Taxes

The components of net deferred tax assets at December 31 are as follows:

	<u>2007</u>	<u>2006</u>
Components of all deferred tax assets (admitted and non admitted)	\$ 38,100	\$ 38,100
Total of all deferred tax liabilities	--	--
Total deferred tax assets non admitted...	--	--
Total of all deferred tax assets	38,100	38,100
Increase (decrease) in deferred tax assets non admitted	--	--

The major components of the 2006 & 2007 deferred income tax amounts are as follows:

DTAs	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Property and equipment	\$ 178,280	\$ 83,050	\$ 95,230	\$ 38,100

DTAs resulting from book/tax difference in

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Property and equipment	\$ 38,100	\$ 38,100	\$ 0

Note 10. Information Concerning Parent, Subsidiaries and Affiliates

- A. HRI is primarily owned by Unity Health Care, Inc. (UHC), who has rights to 97% of the organization.
- B. On the 15th of each month, HRI pays Unity Health Care, Inc. \$30,000 for management services. A total of \$360,000 was paid for the year ended December 31, 2007.
- C. Same as above.
- D. At December 31, 2007, HRI reported \$689,929 as amounts due from the Parent Company, Unity Health Care. The parent company pays the monthly amount due to Health Right upon receipt of the payments from the Department of Corrections.
- E. None.
- F. Management and Administrative Services Agreement: On January 1, 2000, HRI entered into a management and administrative service agreement with UHC to provide senior management support, payroll, financial and accounts services. This agreement also provides the services of Unity's Executive Director and Medical Director part-time, to function as the Chairman and the Medical Director of HRI. In accordance with the agreement, HRI shall reimburse UHC for the total compensation including salary and fringe benefits

Notes to Financial Statement

not to exceed 25% of the annual salary of the designated employee. The agreement expired on December 31, 2002, and was automatically renewed on January 1, 2003, and will continue to renew on the anniversary date unless terminated by HRI.

HRI has agreed to perform claim administrative services for Unity Health Care who services the Department of Corrections population.

G. HRI is primarily owned by UHC.

H. None.

I. None.

J. None.

Note 11. **Debt**

None.

Note 12. **Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

HRI changed its 401k plan in 2007. HRI employees are still covered by a defined contribution plan but contributions are matched up to 5% of each employee’s compensation at the end of the each year. HRI’s contribution for the plan was \$39,965 and \$63,316 for 2007 and 2006, respectively.

Note 13. **Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations**

- 1) HRI has 1,000 shares authorized and issued and 369 shares outstanding.
- 2) HRI has no preferred stock outstanding.
- 3) Dividend restrictions – None.
- 4) Ordinary dividends – None.
- 5) Restrictions on surplus – None.
- 6) Advances to surplus – None.
- 7) HRI has 631 shares of common stock held by the company in treasury.
- 8) Changes of balance in surplus funds – None.
- 9) Unassigned funds (surplus) were reduced in as follows:
 - a) Unrealized gains and losses: \$0
 - b) Nonadmitted asset values: \$0
 - c) Separate account business: \$0
 - d) Asset valuation reserves: \$0
 - e) Provision for reinsurance: \$0
- 10) Surplus debentures or similar obligations – None.
- 11) Quasi-reorganizations – None.
- 12) Quasi-reorganizations – None.

Note 14. **Contingencies**

None.

Note 15. **Leases**

HRI entered into an office lease agreement commencing October 1, 2001 with an expiration date of September 30, 2011. The lease was amended in December 2005 for additional space, and the termination date was extended to July 31, 2013. The lease has an initial monthly payment approximating \$18,340 with an escalation of at

Notes to Financial Statement

least 2.5% per year. Rent expense incurred under the office lease for the years ended December 31, 2007 and 2006 was \$403,867 and \$316,136, respectively.

Future lease commitments under the agreement are estimated as follows:

Years ending	
<u>December 31</u>	
2008	382,257
2009	391,820
2010	400,985
2011 through 2013	<u>1,007,863</u>
Total	\$ 2,555,877

Note 16. **Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

None.

Note 17. **Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

None.

Note 18. **Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

None.

Note 19. **Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

None.

Note 20. **Other Items**

None.

Note 21. **Events Subsequent**

None.

Note 22. **Reinsurance**

HRI entered into a stop-loss insurance agreement with an insurance company to limit its losses on individual claims. Under the terms of this agreement, the insurance company will reimburse HRI approximately 90% of the cost of each member’s eligible annual hospital services and eligible medical services, in excess of \$100,000 per member, respectively; if services are performed in a “per diem” or approved fixed procedural fee hospital. In the event HRI ceases operations, plan benefits will continue for members until the end of the contract period for which premiums have been paid.

Stop Loss insurance premiums for 2007 and 2006 were \$641,842 and \$946,071, respectively. Reinsurance recovery for the years ended December 31, 2007 and 2006 were \$249,620 and \$537,684, respectively. Uncollectible Reinsurance and Commutation of Ceded Reinsurance – None.

In May 2006, HRI added a retro corridor to the reinsurance policy. In the event total eligible claims under the policy exceed 55% of the total premium due, the reinsuring company will reimburse HRI an amount equal to 55% of the total premium. If total claims exceed the sum of 55% of the total premium due plus the pmpm multiplied by the annual member months, the responsibility for payment of the excess will also be of the reinsuring company.

Note 23. **Retrospectively Rated Contracts & Contracts Subject to Redetermination**

None.

Notes to Financial Statement

Note 24. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for claim adjustment expenses are \$230,000 for operational procedures and a new line of business.

Reserves for incurred claims attributable to insured events increased by \$4.2 million from the previous year.

Note 25. Intercompany Pooling Arrangements

None.

Note 26. Structured Settlements

None.

Note 27. Health Care Receivables

On December 31, 2007, HRI had a receivable of \$5,597,285; \$4,907,356 due from DCHCSNA and \$689,959 from Unity Health Care Inc. HRI received the funds due from DCHCSNA on January 2, 2008.

Note 28. Participating Policies

None.

Note 29. Premium Deficiency Reserves

None.

Note 30. Anticipated Salvage and Subrogation

None.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes[] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state?

Yes[] No[] N/A[X]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:

.....
3. Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes[] No[X]
- If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes[] No[] N/A[X]
- If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2004.....
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/2003.....
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....07/01/2004.....
- 6.4 By what department or departments?

Department of Insurance Securities and Banking
- 6.5 Have any financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes[] No[] N/A[X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[X] No[] N/A[]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 7.2 If yes, give full information
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
..... Yes[] No[X]	. Yes[] No[X]	. Yes[] No[X]	. Yes[] No[X]	. Yes[] No[X]

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:

Yes[] No[X]
- 9.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$.....1,729,929

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes[] No[X]
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$.....0
13. Amount of real estate and mortgages held in short-term investments:

\$.....0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

INVESTMENT

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds		
14.22 Preferred Stock		
14.23 Common Stock		
14.24 Short-Term Investments		
14.25 Mortgages Loans on Real Estate		
14.26 All Other		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)		
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above		

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes[] No[X]
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]
- If no, attach a description with this statement.
16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[]
- 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Sun Trust Bank	Washington, DC 20005-2108

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

- 16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes[] No[X]
- 16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
Sun Trust Bank	Trustco Capital Management	1445 New York Avenue NW Ste 800 Washington, DC 20005 ...

- 17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[]
- 17.2 If no, list exceptions:

General Interrogatories Part 1 Attachments

SCHEDULE S - CEDED REINSURANCE
Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

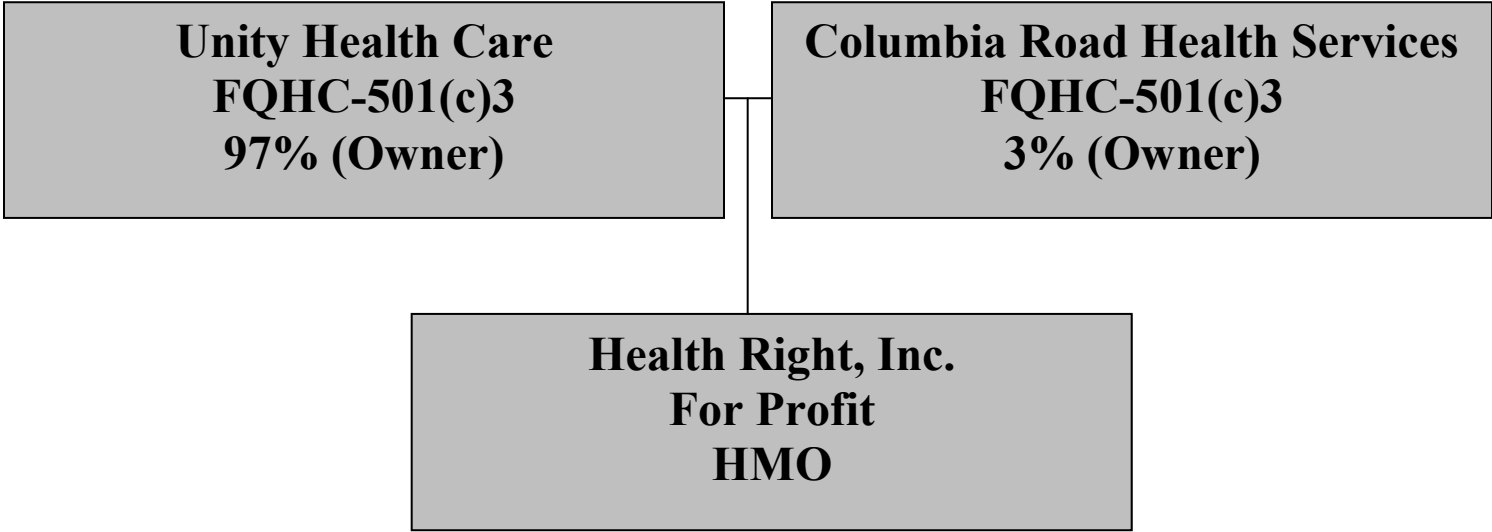
Current Year to Date - Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N	42,332,547		32,385,157				74,717,705	
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	N								
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	42,332,547		32,385,157				74,717,705	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	Total (Direct Business)	(a)	42,332,547		32,385,157				74,717,705	
DETAILS OF WRITE-INS										
5801.	X X X								
5802.	X X X								
5803.	X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

HEALTH RIGHT, INC.
OWNERSHIP STRUCTURE



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	RESPONSE
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



OVERFLOW PAGE FOR WRITE-INS

STATEMENT AS OF **September 30, 2008** OF THE **HEALTH RIGHT, INC.**

SCHEDULE A - VERIFICATION

Real Estate		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
Description	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year		797,686
2. Cost of bonds and stocks acquired		
3. Accrual of discount		1,281
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		1,033
6. Deduct consideration for bonds and stocks disposed of		800,000
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)		
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)		

SCHEDULE D - PART 1B
Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)								
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds								
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock								

Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

SCHEDULE DA - PART 1

Short - Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Totals	35,424,216	X X X			

SCHEDULE DA - Verification

Short-Term Investments

		1 Year To Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	32,484,609	32,484,609
2.	Cost of short-term investments acquired	2,939,607	
3.	Accrual of discount		
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals		
6.	Deduct consideration received on disposals		
7.	Deduct amortization of premium		
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized ...		
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	35,424,216	32,484,609
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	35,424,216	32,484,609

SCHEDULE DB - PART F - SECTION 1
Summary of Replicated (Synthetic) Assets Open

Replicated (Synthetic) Asset					Components of the Replicated (Synthetic) Asset						
1 Replication RSAT Number	2 Description	3 NAIC Designation or Other Description	4 Statement Value	5 Fair Value	Derivative Instruments Open		Cash Instrument(s) Held				
					6	7	8	9	10	11	12
					Description	Fair Value	CUSIP	Description	Statement Value	Fair Value	NAIC Designation or Other Description
9999999 Totals X X X X X X X X X X X X

SCHEDULE DB - PART F - SECTION 2
Reconciliation of Replicated (Synthetic) Assets Open

		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-To-Date	
		1	2	3	4	5	6	7	8	9	10
		Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value
1.	Beginning Inventory
2.	Add: Opened or Acquired Transactions
3.	Add: Increases in Replicated Asset Statement Value X X X X X X X X X X X X X X X
4.	Less: Closed or Disposed of Transactions
5.	Less: Positions Disposed of for Failing Effectiveness Criteria
6.	Less: Decreases in Replicated (Synthetic) Asset Statement Value X X X X X X X X X X X X X X X
7.	Ending Inventory

SCHEDULE E - Verification
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year
2.	Cost of cash equivalents acquired
3.	Accrual of discount
4.	Unrealized valuation increase (decrease)
5.	Total gain (loss) on disposals
6.	Deduct consideration received on disposals
7.	Deduct amortization of premium
8.	Total foreign exchange change in book/adjusted carrying value
9.	Deduct current year's other than temporary impairment recognized
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)
11.	Deduct total nonadmitted amounts
12.	Statement value at end of current period (Line 10 minus Line 11)

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED and Additions Made During the Current Quarter

1 <
--

SCHEDULE A - PART 3

Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	Change in Book/Adjusted Carrying Value Less Encumbrances					14 Book/Adjusted Carrying Value Less Encumbrances at Disposal	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred
	2 City	3 State						9 Current Year's Depreciation	10 Current Year's Other Than Temporary Impairment Recognized	11 Current Year's Change in Encumbrances	12 Total Change in B/A C.V. (11 - 9 - 10)	13 Total Foreign Exchange Change in B/A C.V.							
0399999 Totals																			

SCHEDULE B - PART 2
Showing All Mortgage Loans ACQUIRED During the Current Quarter

1	Location		4	5	6	7	8	9
	2	3						
Loan Number	City	State	Loan Type	Date Acquired	Rate of Interest	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Value of Land and Buildings
3399999 GRAND TOTAL

SCHEDULE B - PART 3
Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1	Location		4	5	6	7	Change in Book Value/Recorded Investment					14	15	16	17	18	
	2	3					8	9	10	11	12						13
Loan Number	City	State	Loan Type	Date Acquired	Disposal Date	Book Value/Recorded Investment Excluding Accrued Interest Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in Book Value (8+9-10+11)	Total Foreign Exchange Change in Book Value	Book Value/Recorded Investment Excluding Accrued Interest on Disposal	Consider-ation	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal
0599999 Totals																	

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1 CUSIP Identification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		3 City	4 State									
3999999 Total - Unaffiliated X X X
4099999 Total - Affiliated X X X
4199999 Totals X X X

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1	2	Location		5	6	7	8	Change in Book/Adjusted Carrying Value						15	16	17	18	19	20	
		3	4					9	10	11	12	13	14							
CUSIP Identi- fication	Name or Description	City	State	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B./A.C.V. (9 + 10 - 11 + 12)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income	
3999999 Total - Unaffiliated
4099999 Total - Affiliated
4199999 Totals

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
6099998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
6599998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
7299998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
7399999	Subtotal - Preferred and Common Stocks				X X X		X X X		X X X
7499999	Total - Bonds, Preferred and Common Stocks				X X X		X X X		X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

SCHEDULE D - PART 4
Show All Long-Term Bonds and Stocks Sold, Redeemed, or Otherwise Disposed of
by the Company During the Current Quarter

1	2	3 F o r e i g n	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP	Description		Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
6099998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X ..
6599998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X ..
7299998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X ..
7399999	Subtotal - Preferred and Common Stocks				...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X ..
7499999	Total - Bonds, Preferred and Common Stocks				...	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X ..

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors and Insurance Futures Options Owned at Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/ Option Premium	Book Value	*	Statement Value	Fair Value	Year to Date Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income
9999999 Total X X X

SCHEDULE DB - PART B - SECTION 1

Showing all Options, Caps, Floors and Insurance Futures Options Written and In-Force at Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price Rate or Index	Date of Issuance/ Purchase	Exchange or Counterparty	Consideration Received	Book Value	*	Statement Value	Fair Value	Year to Date Increase/ (Decrease) by Adjustment	Used to Adjust Basis	Other Investment/ Miscellaneous Income
9999999 Total X X X

SCHEDULE DB - PART C - SECTION 1

Showing all Collar, Swap and Forwards Open at Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Description	Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)	Book Value	*	Statement Value	Fair Value	Year to Date Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income	Potential Exposure
9999999 Total X X X

SCHEDULE DB - PART D - SECTION 1

Showing all Futures Contracts and Insurance Futures Contracts at Current Statement Date

1	2	3	4	5	6	7	8	9	Variation Margin Information			13
									10	11	12	
Description	Number of Contracts	Maturity Date	Original Value	Current Value	Variation Margin	Date of Opening Position	Exchange or Counterparty	Cash Deposit	Recognized	Used to Adjust Basis of Hedged Item	Deferred	Potential Exposure
9999999 Total X X X X X X

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1			2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	6	7	8	
Depository			Code	Rate of Interest			First Month	Second Month	Third Month	*
open depositories										
Business										
Checking-Operations Account	SunTrust Bank	554,093	550,671	550,894	X X X
Business										
Checking-Reinsurance										
Account	SunTrust Bank	1.150	498	257,677	257,926	257,926	X X X
Business Checking-DOC	Sun Trust Bank	X X X
Business Checking-Alliance ..	Sun Trust Bank	3,266,149	X X X
0199998 Deposits in0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories			X X X	X X X	X X X
0199999 Totals - Open Depositories			X X X	X X X	498	811,770	4,074,745	808,820	X X X
0299998 Deposits in0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories			X X X	X X X	X X X
0299999 Totals - Suspended Depositories			X X X	X X X	X X X
0399999 Total Cash On Deposit			X X X	X X X	498	811,770	4,074,745	808,820	X X X
0499999 Cash in Company's Office			X X X	X X X	X X X	X X X	X X X
0599999 Total Cash			X X X	X X X	498	811,770	4,074,745	808,820	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
6099999 Subtotals - Bonds
8599999 Sweep Accounts
8699999 Other Cash Equivalents
8799999 Total - Cash Equivalents



MEDICARE PART D COVERAGE SUPPLEMENT
Net of Reinsurance
For the Quarter Ended September 30, 2008

NAIC Group Code:

NAIC Company Code: 95787

		Individual Coverage		Group Coverage		5 Total Cash
		1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1.	Premiums Collected		X X X		X X X	
2.	Earned Premiums		X X X		X X X	X X X
3.	Claims Paid		X X X		X X X	
4.	Claims Incurred		X X X		X X X	X X X
5.	Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a)	X X X		X X X		
6.	Aggregate Policy Reserves - change		X X X		X X X	X X X
7.	Expenses Paid		X X X		X X X	
8.	Expenses Incurred		X X X		X X X	X X X
9.	Underwriting Gain or Loss		X X X		X X X	X X X
10.	Cash Flow Results	X X X	X X X	X X X	X X X	

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$.0 due from CMS or \$.0 due to CMS

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